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August 11, 2010

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to call your attention to a column written by your Secretary of Housing and Urban Development (HUD) Shaun Donovan and published in one of the local papers today in Central California. Secretary Donovan asserts that families in the San Joaquin Valley are receiving the relief they need and the foreclosure crisis is actually improving (*Fresno Bee*, August 11, 2010). As you know, since you were elected to office, I have continued to express my concerns about the foreclosure crisis. Secretary Donovan's remarks paint an inaccurate picture and I am extremely concerned they highlight a fundamental disconnect between the reality on the ground and with HUD and your Administration.

Secretary Donovan's column points to the recent dip in foreclosure rates in the Central Valley as proof the Administration's housing programs are working effectively. Yet in doing so, he glosses over the fact that for the last four months the loan payment delinquency rate has continued to increase. This demonstrates a complete lack of understanding by the Secretary with regard to what is happening to families in my community. In fact, the delinquency rate in my Congressional District has been rising and is currently over 16 percent. We know this means that a larger tide of foreclosures is imminent. In most simple terms: things are not getting better in the Central Valley, they are getting worse.

This point was underscored by a recent report by RealtyTrac (*July 29, 2010*) that Modesto ranks 3rd, Merced is 4th, and Stockton is 6th in the nation for foreclosures. To assert that the foreclosure assistance programs offered to this point have been successful – and to insinuate that the assistance provided has been anywhere near adequate – is an insult to the thousands of families that have lost their homes to foreclosure in my community.

Mr. President, as I have stated repeatedly, the Administration's primary housing programs – the Home Affordable Modification Program (HAMP) and the Neighborhood Stabilization Program (NSP) – have not been effective in delivering aid to the hardest-hit communities. Recent admissions by the Treasury Department have only reinforced the assertions I have made for nearly two years. Instead of taking ownership for these failures and taking decisive action to correct their obvious flaws, the Secretary's column is just another example by the Administration to defend the existing programs while turning a blind-eye to the magnitude of this crisis.

Contrary to Secretary Donovan's column, last Friday the Treasury Department released additional details about the HAMP program that paint a disturbing picture. HAMP, despite receiving \$50 billion from Congress, has only resulted in 4,764 permanent modifications that have lasted at least nine months through the end of May 2010. Further, only 53,041 borrowers had received a modification for at least six months through the end of May 2010. Meanwhile, more than 300,000 people have lost their homes to foreclosure each month for the last 16 months. Mr. President, I have more constituents in my district alone that have lost their homes than these programs have helped nationally.

The facts speak for themselves. These programs simply are not working and I am deeply troubled by HUD's lack of understanding of the foreclosure crisis. Your leadership on this issue is needed more than ever. The American people will continue to suffer as long as the status quo remains unchecked. Addressing the housing crisis must remain a critical component of any long-term economic recovery program. Nowhere is this more true than in California's Central Valley. Mr. President, I respectfully request that you immediately reevaluate your Administration's plans to deal with this crisis, not only for the good of my constituents but for the good of the country and the overall health of our economy.

Sincerely,



DENNIS CARDOZA
Member of Congress

CC: The Honorable Nancy Pelosi,
Speaker of the U.S. House of Representatives

The Honorable Harry Reid,
U.S. Senate Majority Leader

The Honorable Barney Frank,
Chairman, U.S. House Financial Services Committee